### ANNEX D-2

### **SCHEDULE B.7**

[See attached.]

### **SCHEDULE B.7**

### ASSET INVENTORY (WATER)

Upon the occurrence of the Effective Date, the Concessionaire will exercise its rights under the Concession Agreement to cause the Authority to transfer ownership to the Contractor the following vehicles and other mobile equipment, spare parts, chemicals and other materials that are used for the operation of the Water Facility, as listed below in Table B7-1 and in accordance with Section 3.6 of the Agreement.

**Table B7-1: Inventory of Water Facility Assets** 

**Rolling Stock Inventory** 

Unit	Year	Make	Model	VIN	License
W021	1980	CASE	580-C LOADER	580C9005498	E764345
W042	1988	CHEVROLET	1500 P.U.	1GCDC14H5JZ281224	E089118
W048	1989	GMC	DUMP TRUCK 70	1GDM7D1T2KV512725	E200438
W057	1999	CHEVROLET	3500 FLAT BED	1GBJC34ROXF034182	E989431
W058	1999	CHEVROLET	1500 P.U.	1GBHC34R8XF076548	E989436
W062	2000	GMC	6500	1GDK7H1E02J503663	E1041970
W064	2000	CHEVROLET	1500 P.U.	1GCEC14W31Z167466	E1057384
W067	2002	CHEVROLET	1500 P.U.	1GCEC14V92Z197161	E1113881
W068	2000	CHEVROLET	1500 P.U.	MOF935X186891	E1113882
W069	2003	CHEVROLET	1500 P.U.	1GCEC14V43Z235588	E1155534
W070	2003	CHEVROLET	1500 P.U.	1GCEC14V63X225693	E1155535
W072	2004	CHEVROLET	1500 P.U.	1GCEC14V24Z187669	E1183427
W073	2005	FORD	F150 CREW CAB	1FTPW1258KC98059	E1187230
W075	2006	FORD	F150	1FTRX12W96KC29641	E1241051
W076	2006	FORD	F150	1FTRX12W06KC29642	E1241052
W078	2008	FORD	F350 DUALLY	1FDWF36Y58EA24313	N/A
W079	2008	FORD	F350 DUALLY	1FDWF36Y38EA24312	N/A
W080	2008	FORD	F150 REG CAB	1FTRF14577KD33201	N/A
W081	2008	FORD	F150 REG CAB	1FTRF12528KC87720	N/A
W082	2008	FORD	F150 REG CAB	1FTRF12568KC87719	N/A
W083	1999	CHEVROLET	S-10	1GCCS1448X8174520	E989437
W1013	1979	ZIEMAN	TRAILER	ZP50830	E316715
W1018	1981	OWENS	TRAILER	BC5769	E319147
W1019	1981	OWENS	TRAILER	BC5767	E319157
W1020	1981	OWENS	TRAILER	SC5768	E319149
W1052	1994	ZIEMAN	TRAILER	1ZCT17S12PZP17472	E948966
W1023	1990	BIG TEX	TRAILER	16VAN0812L1B37367	E329547

Schedule B.7 – Asset Inventory (Water)

### Yard Spare Part Inventory

	A CONTRACTOR OF THE PROPERTY O		CONTRACTOR OF THE PROPERTY OF	The state of the s	
Part	size	Manufacturer	Part # or Model #	Quantity	>
Plastic Green Water Meter Box Cover		Old Castle	30-07	107	
Small Concrete Water Meter Box Cover	5"×9"		30-23A		
Concrete Water Meter Box Cover	18.5" x 11.5"	Armorcast	30-23		
Water Meter Box Cover with hole	22" x 12"	J & R Con Prod	30-26		
Water Meter Box Cover with hole - concrete	13.5" x 23"	H & C	30-25	7	
Water Meter Box Cover with hole - concrete	10.75" x 19"		30-258		
Water Meter Box Cover with hole - concrete	30.5" x 17.5"		30-04		
Black Plastic Meter Box	21.5" x 15" x 12"		30-19		
Green Plastic Water Meter Box, w/o cover	39" x 26" x 12"	Old Castle	30-12	-	
Green Plastic Water Meter Box, w/ cover	39"×26"×12"	Old Castle		ва	
Green Plastic Water Meter Box, w/o cover	32" x 22" x 12"	Old Castle	30-13A	28 ea	

Part	size	Manufacturer	Part # or Model #	Quantity	tity
Green Plastic Water Meter Box, w/ cover	32" x 22" x 12"	Old Castle			
Plastic Green Water Meter Box Cover	23" x 14"	Old Castle	30-27	27 6	
Green Plastic Water Meter Box w/o cover			30-20	-	ea
Green Plastic Water Meter Box w/o cover			30-21	58	ea
Plastic Green Water Meter Box Cover	23" x 13.5"	Old Castle			
Plastic Green Water Meter Box Cover	19.5" x 13"	Old Castle	30-05	3, 98	
Metal Cans	8.5" dia. x 1'		44-02		ea ca
Metal Cans	6.5" dia x 1'		44-01	-	ea
Tapping Saddle w/ bolts	27"			+	n L
Motor Operated Valve (dated 2008)	8", 150 psi	Mueller	Lineseal III		2) d
Motor Operated Valve (dated 1994)	10", 150 psi	Mueller		-	s a
Motor Operated Valve	18", 200 psi	Dresser			ea
Bolt	6" x 1" dia	A CONTROL OF THE PROPERTY OF T		+	ea
Bolt	5" x 1" dia			+	ea
Bolt	3.5" x 1" dia			+	ea
1.5" nut				+	ea
Gate Valves (dated 1990)	12"			2 ea	g
			The second distriction of the second	4	

Schedule B.7 – Asset Inventory (Water)

Concession Agreement Rialto Wastewater Facility and Water Facility

Part	size	Manufacturer	Part # or Model #	Quantity	λ.
Restraints	9" dia			4 ea	
Butterfly Valve (dated 1993)	16", 150 psi	Pratt		-	
Butterfly Valve (dated 1997)	24" 150 nci	***************************************			
Тер	21 , 100 T5:	riait			
Blind Flange	18"				
Square Restraint w/				r ea	
rubber gasket	7"×7"			2 ea	
Gate Valve	9	Clow		+	
Gate Valve	4"	Clow		+	
Flange	13.5" dia (OD), 8.5" (ID)				
Flange	16" dia (OD), 10" (ID)	The state of the s	A TOTAL CONTRACTOR OF THE PARTY	+-	
Flange	19" dia (OD), 13" (ID)	A CONTINUE OF THE PARTY OF THE		+	
Flange	9" dia (OD), 4.5" (ID)			╂	
Flanged Spool Piece	9	Clow		-	
Calibrated Tank for				+	
testing water meter	No. 4, 26" dia. x 5'	Ford		1 ea	
Accutab Chlorinator	Serial Nos. 3075-3755, 4855, 4098	bbG	3075	3 ea	
Constant Chlor Plus Chlorinator				1	
Restraint	".9	Star		+	
Hydrant end caps	4.25" dia	TANISTA CONTROLLED ON THE PROPERTY OF THE PROP		+	
Hydrant end caps	7" dia	ANTINCE AT THE PROPERTY OF THE		+	
Metal Valve Box Cover	24" x 35"	The second control of			
Flow Meter (used)	3/4"	Precision		-	
Flow Meter (used)	3/4"	Sensus		-	
			**************************************	, , , , , , , , , , , , , , , , , , ,	

Schedule B.7 – Asset Inventory (Water)

Concession Agreement Rialto Wastewater Facility and Water Facility

Part	size	Manufacturer	Part # or Model #	Quai	Quantity
Meter Tester		Ford Meter Co.		1	ea
Pump w/o motor	1HP, 300 psi	Grundfos	CR-2, Model 2-40	2	ea
Pump w/ Baldor		THE RESERVE THE PROPERTY OF TH			
motor	1HP, 300 psi, 3450 rpm	Grundfos	CR-2, Model 2-40	Н	ea
Generator (Serial #					
21017 Y81, old)	120/240V, 7000 Watts, 29 Amps	Dayton	Model 3W057A	Н	ea
Trench Box		GME Lites	LSP-5	H	ea
Industrial Electrical		The second secon			
Cabinet (see pictures)				Н	ea
Copper Pipe	1"	ACCOUNTS OF THE PROPERTY OF TH		+	#
Lay Flat Hoses		The second secon			
Driscoplex Pipe	SDR9, 200 psi, 2"				foot
Driscoplex Pipe	SDR9, 200 psi, 1.5"				foot
					ובבו
-		Multiquip, American			
Portable Pumps		Honda, Wacker		5	ea
Powerwasher	2700 psi	JobPro	The state of the s		ea
Valve Keys	2", 5-10' extension	Pipeline Products	SW-S10	+	69
Valve Keys	2", 6-12" extension			+	Ба
3" hose with screen	green			+-	, c
1.5" hose with screen	gray				ea

Maintena	Maintenance Building Spare Part Inventory	À				
Photo Reference						
#	Part	size	Manufacturer	Part # or Model #	0	Quantity
A3	Accu-tab SI	55 lb bucket			17	buckets
A4	Gasket w/ holes	16" dia.			7	ea
A5	Square Gasket w/ holes	6.625"			П	ea
A6	Keyhole Gasket w/ holes	6.5" x 9.5"			10	еа
A7	Gasket w/ holes	20.5" dia			П	еа
A8	Gasket w/ holes	13" dia		A CONTRACTOR OF THE CONTRACTOR	~	ea
A9	Square Gasket w/ holes	7.5" x 8"			13	еа
A10	Gasket	28" dia			11	ea
A11	Gasket	20" dia			9	ea
A12	Gasket	13" dia		The state of the s	3	еа
A13	Gasket	9" dia			12	ea
A14	Gasket	5.5" dia		TO THE PARTY AND	10	ea
A15	Gasket	10" dia		AND THE RESIDENCE OF THE PROPERTY OF THE PROPE	0	ea
A16	Gasket	18" dia			4	ea
A17	Gasket	4" dia		AND THE PROPERTY OF THE PROPER	18	ea
A18	Gasket	16" dia.	The state of the s	The state of the s	3	ea
A19	Gasket	21.5" dia		The second section is a second section of the second section of the second section is a second section of the second section of the second section sec	0	ea
A20	Can Liners	36" x 58", 1.5 mil		AND THE REAL PROPERTY OF THE P	50	еа
A21	Pump w/ motor	15 gpm @134' tdh, 360 psi max, 1HP	Grundfos Pump, Baldor Motor	CR3		c d
۸۶۶	Booster Pump w/motor (dated		Webtrol pump, Emerson			
777	(1007)	7 L 7	Motor	L351312	П	ea
A23	Pipe Wrap	14-18" DIP			Н	roll
A24	Motor (New in box)	3 HP	Emerson		H	ea
A25	Cla-Valve (New in box)	3"	ClaVal	3-100-01	H	ea

Photo Reference		_				
Keterence						
	† ·	•		:	•	,
#	ran	Size	Manufacturer	Part # or Model #	Q	Quantity
A51	Ball Valves	0.75"			1	ea
A52	Brass Connectors		Parker		20	ea
A53	Water Filter, spindown separator	1.5" 60 mesh	Rusco	1-1/2-60-1	1	ea
A54 (	Coveralls	2X	Dupont Tyvek		12	ea
	Auto Loop Calibrator (Serial #					
A55	1292687)		Nassau	4060	0	ea
A56	Timing Relay	120v	Agastat		3	ea
A57 (	data transducer		Microwave data systems		$\leftarrow$	ea
A58 F	Programable controller	-	Tesco	Liquitronic IV	2	ea
A59 (	Copper Tubing	5/16" x 0.032"			0	feet
A60 (	Copper Tubing	1/4" x 0.030"			0	feet
A61 r	Misc Copper Tubing (used)				5	feet
	Blower with Motor (Serial		MOPEC Blower with			
A62 #	#10900229)	A CONTRACTOR OF THE PROPERTY O	Briggs Motor	MV8-GE	0	ea
A63 F	Pipe Bender			-	1	ea
A64 J	Jack Hammer				1	еа
A65 (	Grinder	3HP	Craftsman		П	ea
A66 F	Pump with Motor	3HP, 30 gpm @ 195' tdh	Grundfos Pump with Baldor Motor	CR5-8	H	еа
A67 \	Winch			A CONTRACTOR OF THE CONTRACTOR	0	еа
A68 N	Metal sifting funnels			THE RESERVE AND THE PROPERTY OF THE PROPERTY O	3	еа
A69 F	Flange	5.25" od x 1.5" ID		TOTAL THE TAXABLE PROPERTY OF TAXABLE PROPERTY	2	ea
A70 E	Brass Valve	1"		46-07	43	ea
A71 E	Brass 90 Bend	1.1			Н	ea
	Brass Valve	3/4"		to-day management and the second management	Н	ea
A73 E	Brass hydrant caps	3/4"			9	ea

Photo Reference						
#	Part	size	Manufacturer	Part # or Model #	Ø	Quantity
A97	Nuts and Bolts (Misc) (see photo)				50	ea
A98	CL150 Plated Flg Bolt Set	18"		The state of the s	2	Boxes
A99	CL150 Plated Flg Bolt Set	10"-12"			4	Boxes
A100	CL150 Plated Flg Bolt Set	9,,-8,,			6	Boxes
A101	Hole Hydrant Break Off Bolt Set	.8-,9			3	Boxes
A102	Valve Handle BR	3/4"&1"			125	ea
A103	Coupling	2" PE x 2" PE		THE PROPERTY OF THE PROPERTY O	17	ea
A104	Coupling	2" FEM 1P x 2" PE		Alter Address and the second s	6	еа
A105	Angle Key Valve Pad Wing	2"			9	ea
A106	Brass Cap	1.		34-54	61	ea
A107	1" Flex CTS x 1" MPT			22-79C	4	ea
A108	2" Flex Ford for Plastic			22-79A	0	ea
A109				22-20E	Н	ea
A110	Kresto Hand Cleaner	2000 ML Bottle			12	Bottles
A111	2" x 1 1/2" Flex CTS	- Committee of the Comm		22-80F	3	ea
A112	Flex 3/4"			22-02	5	еа
A113	3/4" Curb Stop			17-058	15	ea
A114	2" Brass Gate Valve			24-04	9	ea
A115	1" Brass Gate Valve	The state of the s		24-03C	66	ea
A116	1 1/2" Brass Gate Valve			24-04A	7	ea
A117	1" Brass Ball Valve w/ wing	AND		24-03A	6	ea
A118	1" FPT $\times$ 1 PT CO Adaptor			(03-12)	0	ea
A119	1" x 1" x 1/2" Tee brass			49-05A	15	ea
A120	Nipple 2" x close brass	The state of the s		34-48	0	ea
A121	1" Tee brass			49-07	H	еа
A122	Coupling 1" Brass			14-07	74	еа

			THE STREET OF TH			
Photo						
Reference						
#	Part	size	Manufacturer	Part # or Model #	ō	Quantity
A123	Nipple 1 1/2" x 6" Brass			34-53	21	ea
A124	Nipple 1" x 6" Brass			34-91	47	еа
A125	Nipple 2" x 6" Brass			34-49	7	ea
A126	1" 90 elbow Brass			18-07	12	еа
A127	Coupling 1 1/2" Brass			14-10	18	еа
A128	1" x 3/4" Bushing Brass			10-13A	1033	ea
A129	FLG 2" Oval Brass			52-14	6	ea
A130	1 1/2" Oval Brass	, and the state of		52-13A	3	ea
A131	1" Angle Curb Stop for Copper			17-05	2	ea
A132	1" Angle Key Valve				26	ea
A133	ACC. 3/4" Adaptor			28-01	257	ea
A134	Meter ACC 1" x 2"			28-16A	36	ea
A135	Meter Adaptor $3/4$ " x $11/2$ "	O A DO TO		28-07	3	ea
A136	Meter Adaptor $3/4$ " x 2 $1/2$ "			28-08	99	ea
A137	11/2"		Mueller 212		+	ea
A138	3/4"		Mueller 212		2	ea
A139	Nipple 4" x 8" (threaded one end)	The state of the s			9	ea
A140	BFE Metal Cage	42" x 29" x 18"		42-30	3	ea
A141	Flange	6", 8 holes		52-10	18	ea
A142	Flange	4", 8 holes		52-11	3	ea
A143	Repair CL 235-263				0	еа
A144	Repair CL 400-425	A CONTRACTOR OF THE CONTRACTOR			0	ea
A145	Repair CL 860-939				0	ea
A146	Repair CL 1365-1485				Н	ea
A147	Repair CL 705-745				0	ea
A148	Repair CL 445-485				0	еа

epair CL 396-4 Elbow Brass Elbow Black 2" Flex ex 3/4" ex 1 1/4" ex 1 1/4" ex 1 1/4" ex 2" Flex Flex Flex Flex Flex Flex Flex Flex	size Manufacturer Part # or Model # Quantity	25 43-02 1 ea	18-08 1 ea	18-15 3 ea	22-01 29 ea	22-02 5 ea		22-06A 5 ea	22-11 6 ea	22-15 0 ea	22-17 2 ea	22-26 4 ea		alve 24-06 0 ea		Plastic Cap 26-02 175 ea		24 11-11 1 ea		00 12" 2 ea	00 41-15B 2 ea	40×12" 41-15C 0 ea			41-17	41-17A 1	
S   S   S   S   S   S   S   S   S   S	Part	Repair CL 396-425	4" Elbow Brass	6" Elbow Black	1/2" Flex	Flex 3/4"	Flex 1 1/4"	Flex 2"	3" Flex	4" Flex	6" Flex	8" Flex	1" Brass Ball Valve	2" Screw Gate Valve	4" Screw Gate Valve	4" Fire Hydrant Plastic Cap	2 1/2" Fire Hydrant Caps	Repair CL 684-724	Repair CL 705-746 12"	Repair CL 860-900 12"	Repair CL 860-900	Repair CL 900-940 x 12"	Repair CL 930-970	Repair CL 1064-1104	Repair CL 1070-1150	Repair CL 1070-1110	THE PARTY OF THE P

Photo Reference #	Part	size	Manufacturer	Part # or Model #	Qu	Quantity
A175	Repair CL 1104-1144	7		41-18A	2	еа
A176	Repair CL 1160-1200			41-20	Н	еа
A177	Repair CL 1070-1150			41-23A	2	еа
A178	Repair CL 1101-1144			41-24	2	еа
A179	Repair CL 1923-1998			41-29A	-	еа
A180	Repair CL 1507-1522			41-29C	T	еа
	Service CL 2" TAP 663-790			43-04	<del></del> 1	еа
A181	Service CL 2" TAP 385-750			43-05	0	еа
A182	Service CL 2" TAP 775-868			43-06	3	еа
A183	Service CL 2" TAP 905-962			43-07	0	еа
A184	Adanced System Controller		Econolite		Н	еа
	6" Jones Fire Hydrant	6-hole		79-00	5	еа
	6" Jones Fire Hydrant	8-hole		26-01	10	еа

# Barricade Room Spare Part Inventory

	-	•	7	Part # or	
Photo Reference #	Part	Size	Ivianuracturer	Iviodel #	Qualitity
836, 837	Pump Motors				6 ea

## Electrical Room Spare Part Inventory

Photo Reference # Part	Part	size	Manufacturer	Part # or Model #	Quantity
	Misc electrical				
	components and wire				
B38	(shared with other depts)				see photo

### <u>ANNEX E</u>

### **SCHEDULE I**

[See attached.]

### PRIVATE LATERAL INSURANCE PROGRAM

### BY AND AMONG

### VEOLIA WATER WEST OPERATING SERVICE, INC. CITY OF RIALTO, CALIFORNIA RIALTO UTILITY AUTHORITY

**NOVEMBER 29, 2012** 

This Private Lateral Insurance Program Agreement (the "Agreement"), dated as of the 29th day of November, 2012 (the "Effective Date"), is by and among VEOLIA WATER WEST OPERATING SERVICE, INC. ("VEOLIA"), a corporation organized and existing under the laws of State of Delaware, with offices located at 2300 Contra Costa Blvd, Suite 350, Pleasant Hill, California, the CITY OF RIALTO, CALIFORNIA ("Rialto"), a municipal corporation organized and existing under the laws of the State of California, with its offices located at 150 South Palm Avenue, Rialto, California 92376, and RIALTO UTILITY AUTHORITY ("Authority"), a California joint powers authority organized and existing under the laws of the State of California, with its offices located at 150 South Palm Avenue, Rialto, California 92376.

WHEREAS, VEOLIA is operating and maintaining the Water and Wastewater Facilities of the Authority and Rialto under an Operations and Maintenance Subcontract entered into by VEOLIA with Rialto Water Services, LLC, in connection with the a 30-year Concession Agreement (as defined below);

WHEREAS, VEOLIA has the capability of facilitating the offering of a Service Line Insurance Policy (hereinafter "SLPP") by a third party, including the Water Line Insurance Policy, the Sewer Line Insurance Policy, and the In-Home Plumbing Emergency Insurance Policy;

WHEREAS, Rialto and the Authority desire to enter into a contract with VEOLIA to facilitate the offering of SLPP to the residents of Rialto and the customers of the Authority.

NOW, THEREFORE, for and in consideration of the mutual promises set forth herein, and subject to the terms and conditions herein stated, and agreeing to be legally bound thereby, VEOLIA, Rialto and the Authority agree as follows:

### SECTION 1. Definitions.

The following words and phrases when used in this Agreement shall have the following meaning:

"Concession Agreement" means that certain Concession Agreement: Service Contract for the Design, Construction and Financing of Upgrades and for the Operation of the Rialto Utility Authority Wastewater Facility and Water Facility, effective as of March 27, 2012, as amended from time to time and as clarified by Contract Administration Memoranda from time to time.

"Customer" means the persons, firms or entities that are identified from time to time on the books and records of Authority as receiving water and/or wastewater services from the Authority.

"Effective Date" means the date that is established as the "Effective Date" in accordance with Section 2.4 of the Concession Agreement, which date is also the Effective Date of this Agreement.

"SLPP" means those insurance policies that are offered through a third party and managed by VEOLIA for the Customers of the Authority and whose terms and conditions of coverage may be modified or amended by the third party from time to time and approved by Veolia in its sole and absolute discretion.

"SLPP Fee" means the periodic enrollment or renewal fee charged by third party and/or broker for Member Customers to participate in SLPP.

"Member Customer" means any eligible Customer who has enrolled in SLPP.

"Repair Contractors" means the licensed independent contractors engaged by third party to perform repair service work for SLPP.

"VEOLIA Services" means all of the obligations and responsibilities as defined herein to be provided by VEOLIA to Rialto and the Authority for SLPP including contracting to a third party and/or broker.

### SECTION 2. Term; Termination.

2.1 <u>Term.</u> The term of this Agreement shall commence on the Effective Date, and shall continue for a period of thirty (30) years unless sooner terminated or extended as hereinafter provided (the "Term").

### 2.2 <u>Termination</u>.

- 2.2.1 <u>Rialto or Authority Termination for Cause</u>. The Authority or Rialto may terminate this Agreement solely upon a material breach by VEOLIA; <u>provided</u>, <u>however</u>, that upon the discovery of such material breach, Rialto and the Authority shall notify VEOLIA of such breach in writing. Upon receipt of such written notice, VEOLIA shall have a period of ninety (90) days to either (a) correct such material breach or (b) dispute that it is in material breach by providing Rialto and the Authority with a written notice in reasonable detail setting forth why VEOLIA believes it is not in material breach. If VEOLIA is unable to cure such breach, causing the Agreement to be terminated, it shall have an additional ninety (90) days to allow for the cessation of its work under this Agreement.
- 2.2.2 <u>VEOLIA Termination for Cause</u>. VEOLIA may terminate this Agreement upon a material breach of this Agreement by Rialto or the Authority; provided, however, that upon the discovery of such material breach, VEOLIA shall notify Rialto and the Authority in writing of such material breach, setting forth in reasonable detail the elements of such material breach. Upon receipt of such written notice, Rialto and the Authority shall have a period of thirty (30) days to cure such breach.

- 2.2.3 <u>Rialto or Authority Termination for Convenience</u>. Rialto or the Authority may terminate this Agreement without cause upon ninety (90) days written notice to VEOLIA.
- 2.2.4 <u>VEOLIA Termination for Convenience</u>. VEOLIA may terminate this Agreement without cause upon ninety (90) days written notice to Rialto and the Authority.

### SECTION 3. VEOLIA SERVICES.

- 3.1 Marketing and Promotion. At its sole cost, VEOLIA shall perform all direct mail marketing and other promotional efforts for the SLPP Program. This includes without limitation strategic direction, planning, scheduling, creative design, production, printing, postage, telephone calls and email notices. VEOLIA maintains the right to engage outside third party agencies of its independent selection to assist in its offering, marketing and promotional efforts for SLPP.
- 3.2 <u>Customer Service</u>. At its sole cost, VEOLIA shall manage all SLPP customer service activities including, but not limited to, processing enrollments of Member Customers received via the mail, telephone inquiries post enrollment.
- 3.3 Repair Service. At its sole cost, VEOLIA shall ensure that a third party establishes and maintains a local network of licensed independent Repair Contractors to perform repair service work for SLPP Member Customers. The cost of all repair services provided by Repair Contractors shall be paid by VEOLIA through a third party, subject to SLPP coverage terms and conditions. All Repair Contractors shall be deemed as independent contractors of VEOLIA.
- 3.4 <u>Claims Service</u>. At its sole cost, VEOLIA shall manage third party activities pertaining to all SLPP repair claim service activities for Member Customers including, but not limited to, ensuring that the third party receives claims, makes determinations on acceptance or

denial of all such claims, dispatching Repair Contractors, maintain claims file documentation and timely resolve repair claim disputes that may arise.

3.5 <u>Billing and Collection</u>. VEOLIA shall manage the billing and collection of SLPP Fees from Member Customers. VEOLIA shall be responsible for all collection efforts for any SLPP Fee payment defaults by Member Customers. VEOLIA acknowledges and agrees that neither the City nor the Authority shall have any obligations and/or liabilities under this Agreement with respect to any agreement or arrangements entered into between VEOLIA and any third party as contemplated hereunder, or any disputes arising therefrom.

### SECTION 4. SLPP Fees.

4.1 VEOLIA reserves the right to approve any third party's establishment and modification of the SLPP Fee paid by Member Customers and will provide Rialto and the Authority with thirty (30) days written notice in advance of any SLPP Fee modification.

VEOLIA agrees to discuss any material modification to the SLPP Fee with Rialto and the Authority prior to the modification of such SLPP Fee; provided, however, that Rialto and the Authority acknowledge and agree that VEOLIA shall have the exclusive right to approve any and all such modifications.

### SECTION 5. Rialto's and the Authority's Duties.

5.1 <u>Endorsement</u>. Rialto and the Authority each hereby grant VEOLIA and third party broker a royalty-free, worldwide, perpetual, nonexclusive right and license to utilize all names and logos necessary for all SLPP marketing campaigns conducted or promotional materials developed by VEOLIA for Customers (collectively, the "Logo"). A true and correct copy of the Logo is attached as Exhibit "A."

- 5.2 Review of Marketing Materials. VEOLIA shall send any SLPP marketing or promotional materials that use Rialto's or the Authority's Logo to Rialto and the Authority for review and approval as to form and content prior to distribution. If, after fifteen (15) calendar days of receiving such materials, Rialto and the Authority have not objected in writing to VEOLIA, the materials shall be deemed to be acceptable to Rialto and the Authority, and approved for use by VEOLIA.
- 5.3 Provision of Customer Data. Within ten (10) business days after the Effective Date, Rialto and the Authority shall provide VEOLIA with information about each of its Customers, including name, address (both mailing and service addresses, if different), phone number, email address (if available), and such other information as may be available and which the parties agree is necessary to assist VEOLIA in conducting its SLPP marketing campaigns. Thereafter, Rialto and the Authority shall provide VEOLIA with updated information about each of its Customers on a monthly basis.

### SECTION 6. Rights to Customer Data and Work Product.

- 6.1 Rialto or the Authority, as the case may be, has the exclusive right of ownership of all Customer data provided to VEOLIA. At such time when a Customer enrolls in SLPP, any data regarding the Member Customer shall belong to VEOLIA.
- 6.2 VEOLIA has the exclusive right of ownership of all work product developed for SLPP including, but not limited to, marketing and promotional materials, specifications, drawings, sketches, models, samples, plans and programs.

### SECTION 7. Confidentiality.

7.1 Rialto and the Authority acknowledge that VEOLIA has valuable confidential and proprietary information in the form of strategic marketing data, designs, drawings, pricing

policies, procedures, methods, books, records, supplies, computer electronic files, know-how and trade secrets relating to the SLPP services; and that disclosure of such information to Rialto and the Authority or their respective representatives is solely for the purposes of facilitating the performance of this Agreement, and is made solely under the terms and conditions of this Section 7.

- 7.2 VEOLIA shall designate in writing any confidential or proprietary information contained in any documents submitted to Rialto or the Authority by VEOLIA under this Agreement ("Confidential Information") by marking any such documents which contain Confidential Information with a legend "CONFIDENTIAL," "PROPRIETARY", or the like. VEOLIA shall designate as confidential those documents that VEOLIA seeks to protect from disclosure, and shall provide Rialto and the Authority an explanation as to why said protection is required.
- 7.3 Except for such disclosures as permitted under Section 7.4 or as are required by applicable law (after notice as provided in Section 7.5), no Confidential Information provided by VEOLIA shall be disclosed by the Authority or Rialto to any other person without the express written consent of VEOLIA, in its sole discretion, and no such Confidential Information shall be used by Authority or Rialto, or their respective agents or representative for any purpose other than such purposes as are expressly authorized under this Agreement.

  Authority, Rialto, and their respective agents and representatives shall take all precautions necessary to preserve the confidentiality of such Confidential Information and to protect it from disclosure to third parties, except as permitted under Section 7.4 or as required by applicable law. Authority and Rialto agree that they each will be responsible for any breach of this covenant by their respective agents or representatives.

Authority's or Rialto's employees, auditors, accountants, legal counsel, engineers, financial advisors, and insurers (collectively, the "Authority/City Employees and Agents"), if and to the extent that access to such Confidential Information is necessary in the performance by such person of their responsibilities with respect to administering or enforcing this Agreement. Any such disclosure shall be limited to the amount of Confidential Information that is necessary for such person to perform their responsibilities with respect to administering or enforcing this Agreement. Authority and Rialto shall require any such Authority/City Employees and Agents to execute a confidentiality agreement acknowledging and agreeing to abide by the terms of this Section; and VEOLIA shall be a third-party beneficiary to each such confidentiality agreement.

### 7.5 Demands for Confidential Information.

7.5.1 Public Records Act. Within five (5) days of receipt of a request for any Confidential Information under the Public Records Act (California Government Code Section 6250 et seq.), VEOLIA, Authority and Rialto shall jointly determine whether the requested Confidential Information meets any of the exceptions in the Public Records Act that will exempt it from disclosure. If the parties agree that the Confidential Information meets any applicable exemption, it shall not be disclosed. If, at the request of the VEOLIA, any Confidential Information is not disclosed in response to a request under the Public Records Act and the Authority or Rialto is sued over the failure to disclose, VEOLIA shall indemnify and hold the Authority and Rialto harmless against any cost or award of attorneys' fees imposed against the Authority or Rialto and shall reimburse any attorneys' fees and costs incurred by the Authority or Rialto in connection with actions taken by the Authority or Rialto to protect Confidential

Information, including lawsuits under the California Public Records Act. If Rialto or the Authority does not agree that the requested Confidential Information should not be disclosed, then Rialto or Authority shall provide written notice of such decision and provide VEOLIA with a reasonable opportunity to seek the issuance of a protective order or decree precluding the disclosure of the Confidential Information, or other remedy regarding the disclosure of the Confidential Information. In the event a protective order or decree precluding the disclosure of the Confidential Information, or other remedy regarding the disclosure of the Confidential Information is not obtained, or VEOLIA waives compliance with the provisions of this Section 7.5.1, Authority or Rialto shall furnish only that portion of the Confidential Information which Authority or Rialto is legally required to disclose.

Authority, or any Authority/City Employee or Agent receives a legal demand from any governmental agency or any other party (including a demand by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand, or similar process) to disclose any of the Confidential Information, Rialto or Authority shall provide VEOLIA with prompt written notice of the request. If VEOLIA believes that the requested Confidential Information should not be disclosed, VEOLIA shall so advise Rialto or Authority, providing the legal bases for such belief. If Rialto or Authority agrees that the requested Confidential Information should not be disclosed, Rialto or Authority shall make the appropriate objections and all necessary efforts to protect the Confidential Information, including but not limited to filing or defending, as necessary, motions to quash subpoenas, motions to compel discovery, etc. If any such actions are made necessary by the decision not to disclose the requested Confidential Information, VEOLIA shall indemnify and hold the Authority and Rialto harmless against any

cost or award of attorney's fees imposed against the Authority or Rialto and shall reimburse any attorneys' fees and costs incurred by the Authority or Rialto in connection with actions taken by the Authority or Rialto to protect Confidential Information. If Rialto or the Authority does not agree that the requested Confidential Information should not be disclosed, then Rialto or Authority shall provide written notice of such decision and provide VEOLIA with a reasonable opportunity to seek the issuance of a protective order or decree precluding the disclosure of the Confidential Information, or other remedy regarding the disclosure of the Confidential Information. In the event a protective order or decree precluding the disclosure of the Confidential Information, or other remedy regarding the disclosure of the Confidential Information is not obtained, or VEOLIA waives compliance with the provisions of this Section 7.5.2, Authority or Rialto shall furnish only that portion of the Confidential Information which Authority or Rialto is legally required to disclose.

- 7.6 Neither Rialto nor Authority shall use, or allow any Authority/City Employees and Agents to use, any Confidential Information for any purpose other than to monitor VEOLIA's performance of VEOLIA's obligations under this Agreement, or to administer and enforce this Agreement.
- 7.7 VEOLIA, Rialto and Authority agree that each shall be liable for any and all breaches of this covenant, whether such breach occurs during or after the Term of this Agreement. The provisions of this Section shall survive termination of this Agreement. Each party acknowledges that the Confidential Information constitutes valuable trade secrets of the other party, and that any unauthorized disclosure or unauthorized use of such information would cause the other party irreparable harm for which its remedies at law would be inadequate. Accordingly, each party acknowledges that the other party will have the right, in

addition to any other remedies available to it, to the issuance of immediate injunctive relief, without bond, enjoining any breach of its obligations under this Section.

### SECTION 8. Exclusivity; Non-Competition.

- 8.1 <u>Exclusivity</u>. During the Term of this Agreement, VEOLIA shall exclusively manage and implement a SLPP program for Rialto and the Authority. Neither Rialto nor the Authority shall promote or market to its Customers any programs or services that are similar to or compete with SLPP.
- 8.2 <u>Non-Competition</u>. During the Term of this Agreement, Rialto and the Authority acknowledge, agree and covenant that each party shall not, directly or indirectly, within the United States of America, solicit, sell, manage, operate, control, administer, market or otherwise assist in the sale on behalf of any entity other than VEOLIA, any service similar to SLPP or any program or service offered by VEOLIA through a third party broker in competition with VEOLIA to any Customer during the Term of this Agreement.
- 8.3 During the Term of this Agreement, Rialto and Authority further agree not to solicit any Customers or Member Customers to replace SLPP or any similar program or service offered by VEOLIA through a third party broker.

### SECTION 9. Indemnification.

9.1 Authority shall defend, indemnify and hold VEOLIA, its officers, directors, agents, employees, parents, affiliates, subsidiaries and assigns harmless from any loss, liability, claim, damage, cost or expense of any kind, and any and all liability resulting from the negligence or willful misconduct of Rialto, the Authority or any of their respective agents, employees, including reasonable attorney's fees, to which VEOLIA or any other indemnitee may be subjected by virtue of any of Rialto's or Authority's performance, non-performance or

breach of this Agreement. The provisions of this Section 9.1 shall survive termination of this Agreement for a period of two (2) years.

9.2 VEOLIA hereby agrees to defend, indemnify and hold Rialto and the Authority, their respective agents, employees, affiliates, and assigns harmless from any loss, liability, claim, damage, cost or expense of any kind, and any and all liability resulting from the negligence or willful misconduct of VEOLIA, including reasonable attorney's fees, to which Rialto, Authority or any other indemnitee may be subjected by virtue of VEOLIA's performance, non-performance or breach of this Agreement. The provisions of this Section 9.2 shall survive termination of this Agreement for a period of two (2) years.

SECTION 10. Limitation of Liability.

- 10.1 IN NO EVENT WILL THE TOTAL, CUMULATIVE LIABILITY OF RIALTO OR THE AUTHORITY, RESPECTIVELY, FOR DAMAGES UNDER THIS AGREEMENT EXCEED AN AMOUNT EQUAL TO ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000).
- 10.2 IN NO EVENT WILL THE TOTAL, CUMULATIVE LIABILITY OF VEOLIA FOR DAMAGES UNDER THIS AGREEMENT EXCEED AN AMOUNT EQUAL TO FIVE HUNDRED THOUSAND DOLLARS (\$500,000).
- 10.3 EXCEPT FOR A BREACH OF (A) SECTION 7 (CONFIDENTIALITY) BY EITHER PARTY, AND (B) SECTION 8 (NON-COMPETITION; NON-SOLICITATION; EXCLUSIVITY), NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR ANY INCIDENTAL, INDIRECT, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST REVENUES, PROFITS, SAVINGS OR BUSINESS, OR CONTRIBUTION OR INDEMNITY IN RESPECT OF ANY CLAIM

AGAINST THE PARTY) RELATED TO OR ARISING OUT OF THIS AGREEMENT, REGARDLESS OF THE FORM OF ACTION OR WHETHER A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

### SECTION 11. Dispute Resolution.

- 11.1 Any claim, controversy, or dispute arising out of or relating to this Agreement, or to the threatened, alleged or actual breach thereof by any party, shall be resolved exclusively as hereinafter set forth.
- 11.2 Subject to the requirements of <u>Section 11.3</u>, the resolution procedures shall be invoked when a party sends a written notice to the other parties following the occurrence of any claim, controversy or dispute arising out of or relating to this Agreement, or to the threatened, alleged or actual breach thereof. The notice shall describe the nature of the dispute and the party's position with respect to such dispute.
- 11.3 Prior to invoking resolution procedures, the parties shall expeditiously schedule consultations or a meeting between the management representatives designated by each party and shall attempt to resolve such dispute through consultation and negotiation within thirty (30) days (or such longer period as mutually agreed by the parties). The management representatives may request the assistance of an independent mediator if they believe that such a mediator would be of assistance to the efficient resolution of the dispute. The designated representative of VEOLIA shall be at least a Vice President or equivalent officer; the designated representative of Rialto shall be the City Administrator.
- 11.4 If the management representatives cannot resolve the dispute as set forth herein, the matter shall be resolved in accordance with the following arbitration procedures:

- 11.4.1 <u>Location</u>. The arbitration shall take place at Los Angeles, California, or at such other location as the parties may agree, in accordance with the terms of this subsection and the California Code of Civil Procedure Arbitration Rules.
- 11.4.2 <u>Arbitration Notice</u>. Upon the occurrence of a dispute, and failure of the parties to resolve such dispute through the informal processes described in <u>Section 11.3</u>, a party may initiate the arbitration process by giving written notice to the other parties (the "Arbitration Notice") or as set forth in California Code of Civil Procedure 1280 *et seq*.
- Notice, the parties shall agree upon the appointment of a single mutually-approved arbitrator. The arbitrator shall be a retired judge from the California Superior Court or a retired judge or magistrate judge from the United States District Court for the Southern District of California. Such retired Judge may be, but is not required to be, affiliated with a private dispute resolution service such as the American Arbitration Association or JAMS. Neither Rialto nor Authority may propose a retired judge who previously served in a judicial post in San Bernardino County, California. If the parties are unable to agree upon a single arbitrator, VEOLIA shall designate an arbitrator and Rialto and Authority jointly shall designate an arbitrator, and the arbitrators so designated by VEOLIA, on the one hand, and Rialto and Authority, on the other hand, shall, within fifteen (15) additional days, agree upon a third independent arbitrator. The parties shall mutually cooperate to retain the arbitrator(s) upon terms and conditions mutually satisfactory to the parties as soon as practicable after selection of the arbitrator(s).
- 11.4.4 <u>Fees</u>. The fees of the arbitrator(s) shall be split equally among the parties unless the arbitrator(s) award(s) fees to the prevailing party as set forth in <u>Section 11.4.6</u>.

- 11.4.5 <u>Discovery</u>. For a period of ninety (90) days following the appointment of the arbitrator(s) (or such longer period as the parties may mutually agree or the arbitrator(s) may direct), the parties shall have the right to engage in such discovery relevant to the matters in dispute as is allowed pursuant to the discovery rules of the California Rules of Civil Procedure.
- the California Code of Civil Procedure Contractual Arbitration Rules in force at the time of the arbitration. The arbitrator(s) shall be required to make a final determination, not subject to appeal, within one hundred twenty (120) days from the designation of the arbitrator(s), and the parties shall be bound by the terms of such final determination. The determination by the arbitrator(s) shall be made in writing and shall contain written findings of fact, and may be specifically enforced by a court of competent jurisdiction. The arbitrator(s) shall determine a fair and equitable allocation of the reasonable expenses of the parties incurred in connection with the resolution of any dispute hereunder. Each party shall bear its own attorney's fees, unless the arbitrator(s) shall determine that the nature of the action or defense of the losing party was frivolous, in which event the arbitrator shall determine a fair and equitable attorney's fee to be paid by the losing party to the prevailing party.
- 11.4.7 <u>Independence</u>. The arbitrator(s) shall retain independence of all parties to this Agreement, and neither party shall engage or attempt to engage the services of the arbitrator(s) for any other purposes without prior written notice to the other party.
- 11.4.8 <u>Survival</u>. The terms of this <u>Section 11</u> shall survive termination of this Agreement.

SECTION 12. Assignments.

This Agreement shall not be assigned by a party without the prior written consent

of the other parties unless such assignment shall be to an affiliate or successor of a party in

which event the assigning party shall give written notice of the assignment to the other parties.

SECTION 13. Amendments.

This Agreement supersedes all prior agreements between the parties with respect

to their subject matter and constitutes a complete and exclusive statement of the terms of the

agreement between the parties with respect to their subject matter. This Agreement may not be

amended except by a written agreement executed by each party.

SECTION 14. Notices.

14.1 All notices given hereunder by mail shall be sent by such means that affords the

sender evidence of date and time of dispatch, including hand delivery, U.S. mail, postage

prepaid, certified, return receipt requested, facsimile, overnight mail, or electronic mail. All

such notices shall be given to the following named persons or offices at the facsimile numbers

given below, or at the addresses first set forth at the beginning of this Agreement. Either party

may change such addresses or numbers by giving notice pursuant to this Section at least five

(5) days before such change is to be effective.

If to VEOLIA:

If to Rialto:

City of Rialto

2300 Contra Costa Blvd, Ste 350

Pleasant Hill, CA 94523

Attention: President

Facsimile: 925-681-0236

Phone: 925-771-7211

If to Authority:

Rialto Utility Authority

150 South Palm Drive

Rialto, California 92376

Attention: City Administrator

150 South Palm Avenue

Rialto, California 92376

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Attention: Executive Director

SECTION 15. Governing Law.

15.1 This Agreement, including the validity thereof and the rights and obligations of

the parties hereunder, shall be construed in accordance with, and governed by the laws of the

State of California, without giving effect to any choice or conflict of law provision or rule that

would cause the application of the laws of any other jurisdiction.

SECTION 16. No Waiver.

16.1 The failure of a party to insist on strict performance of any or all of the terms of

this Agreement, or to exercise any right or remedy under this Agreement, shall not constitute a

waiver or relinquishment of any nature regarding such right or remedy or any other right or

remedy. No waiver of any breach or default hereunder shall be considered valid unless in

writing and signed by the party giving such waiver, and no such waiver shall be deemed a

waiver of any subsequent breach or default of the same or similar nature.

SECTION 17. Severability.

17.1 In case one or more of the covenants, terms or provisions contained in this

Agreement shall be held invalid, illegal, or unenforceable in any respect, the validity of the

remaining covenants, terms, and provisions contained herein shall be in no way affected,

prejudiced, or disturbed and the remaining covenants, terms, and provisions shall remain in full

force and effect.

SECTION 18. No Third Party Beneficiaries.

18.1 Nothing expressed or referred to in this Agreement will be construed to give any

person other than the parties hereto any legal or equitable right, remedy or claim under or with

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respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties hereto and their successors and assigns.

### SECTION 19. Independent Contractor.

19.1 It is understood that the relationship of VEOLIA to Rialto and Authority is that of an independent contractor and not that of an employee and or agent of Rialto or Authority. None of the employees, agents or contractors of Rialto or Authority shall be considered employees of VEOLIA. None of the employees or agents of VEOLIA, including Repair Contractors, shall be considered employees of Rialto or Authority. Each party shall be wholly responsible and liable for the employment taxes and withholdings due as a result of their performance hereunder.

### SECTION 20. Complete Agreement.

20.1 This Agreement sets forth the entire understanding of the parties, which supersedes and merges all prior proposals, understandings and all other agreements, oral or written, between the parties relating to the subject matter hereof and may not be modified except in a writing executed by both parties.

### SECTION 21. Titles and Headings.

21.1 Titles and headings to sections or paragraphs herein are inserted merely for convenience of reference and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

### SECTION 22. Expenses.

22.1 Each party will bear its own expenses incurred in connection with the negotiation, drafting, implementation and performance of this Agreement.

### SECTION 23. Counterparts.

23.1 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives, as of the day and year first above written.

VEOLIA WATER WEST OPERATING SERVICES, INC.

Ву:	
Name:	
Title:	

RIALTO UTILITY AUTHORITY
By:
Name.
Title:
APPROVED AS TO FORM:
Authority Legal Counsel
CITY OF RIALTO
By:
Name:
Title:
APPROVED AS TO FORM:
Authority Legal Counsel

# **EXHIBIT "A"**

Rialto and Authority grant VEOLIA the right to use the name, logo or marks (and any related art work) set forth below:



# ANNEX F

# SCHEDULE Q

[See attached.]

# SCHEDULE Q

# FORM OF ACCESS AGREEMENTS

Part I – Wastewater Facility

Part II – Water Facility

# Part I – Wastewater Facility

ACCESS AGREEMENT (Wastewater Facility)
Dated as of, 2012
Among
RIALTO WATER SERVICES, LLC,
RIALTO UTILITY AUTHORITY
and
CITY OF RIALTO

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# ACCESS AGREEMENT

THIS ACCESS AGREEMENT, dated as of \_\_\_\_\_\_\_\_, 2012 (this "<u>Agreement</u>"), is by and between the CITY OF RIALTO, a municipal corporation duly organized and existing under the laws of the State of California (the "<u>City</u>"), RIALTO UTILITY AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "<u>Authority</u>"), and RIALTO WATER SERVICES, LLC, a Delaware limited partnership (the "Concessionaire").

# WITNESSETH:

WHEREAS, the City owns, and operates pursuant to a management agreement by and between the City and the Authority, the Wastewater Facility Site; and

WHEREAS, the Authority has leased the Wastewater Facility Site from the City pursuant to the terms of the Lease Agreement (Wastewater Enterprise), dated as of May 1, 2001 (the "Lease Agreement"); and

WHEREAS, the Authority, the City and Rialto Water Services, L.P. have entered into that certain Service Contract for the Design, Construction and Financing of Upgrades and for the Operation of the Rialto Utility Authority Wastewater Facility and Water Facility, dated March 27, 2012 (the "Concession Agreement"), and in furtherance of the Concession Agreement, the Concessionaire wishes to obtain non-exclusive access to the Wastewater Facility Site and Wastewater Facility to perform the Services and other obligations of the Concessionaire, as the successor to the interests of Rialto Water Services, L.P. under the Concession Agreement that relate to the Wastewater Facility Site and Wastewater Facility, which shall include any such access to, in, along, or across any property owned or controlled by the Authority necessary, required or desirable for the performance of the Services and other obligations of the Concessionaire under the Concession Agreement (collectively, the "Non-Exclusive Access License"), and the Authority wishes to grant to Concessionaire the Non-Exclusive Access License pursuant to the terms of this Agreement; and

WHEREAS, the City, the Authority and the Concessionaire have duly authorized the execution and delivery of this Agreement;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

# ARTICLE I

# **DEFINITIONS**

**Section 1.1. Definitions**. Unless otherwise defined herein, the capitalized terms in this Agreement shall have the respective meanings specified in the Concession Agreement. In addition, the following terms defined in this <u>Section 1.1</u> shall, for all purposes of this Agreement, have the respective meanings herein specified.

"Agreement" means this Access Agreement, together with any duly authorized and executed amendments hereto.

"Assignee" means the holder of an Encumbrance or an assignee pursuant to a collateral assignment of this Agreement.

"Encumbrance" shall have the meaning ascribed to it in Section 3.2.

# **ARTICLE II**

# REPRESENTATIONS AND WARRANTIES; COVENANTS

- **Section 2.1.** Representations of Concessionaire. As of the Effective Date, the representations and other obligations of Concessionaire as set forth in Section 19.1 of the Concession Agreement are incorporated herein by reference and shall apply with equal force as if such representations and other obligations were set forth in this <u>Article II</u>. Defined terms used in Section 19.1 of the Concession Agreement with corresponding meanings in this Agreement shall be deemed modified to conform to this Agreement.
- **Section 2.2.** Representations of the Authority. As of the Effective Date, the representations and other obligations of the Authority as set forth in Section 19.2 of the Concession Agreement are incorporated herein by reference and shall apply with equal force as if such representations and other obligations were set forth in this <u>Article II</u>. Defined terms used in Section 19.2 of the Concession Agreement with corresponding meanings in this Agreement shall be deemed modified to conform to this Agreement.
- Section 2.3. Representations of the City. As of the Effective Date, the representations and other obligations of the City as set forth in Section 19.3 of the Concession Agreement are incorporated herein by reference and shall apply with equal force as if such representations and other obligations were set forth in this <u>Article II</u>. Defined terms used in Section 19.3 of the Concession Agreement with corresponding meanings in this Agreement shall be deemed modified to conform to this Agreement. Without limiting the foregoing, as of each of the Contract Date and the Effective Date, the City makes the following representations to the Concessionaire and covenants that:
- (a) The City has good and sufficient title and other rights of access to the Wastewater Facility Site and has all requisite power and legal rights to consent to the Authority's grant to Concessionaire of the Non-Exclusive Access License granted hereunder. To the City's current actual knowledge, no title encumbrance exists with respect to the Wastewater Facility Site that could adversely affect the ability, or increase the costs, of Concessionaire to perform its obligations under this Agreement or the Concession Agreement, and there is no recorded or unrecorded agreement, contract, option, commitment, right, privilege or other right of another binding upon, or which at any time in the future may become binding upon, City to sell, transfer, convey, subject to lien, charge, grant an interest in, or in any other way dispose of or materially encumber the Wastewater Facility Site.
- (b) The City shall cooperate with and provide reasonable assistance to the Concessionaire in any and all actions necessary or appropriate for the Concessionaire to perform

the Services and other obligations of the Concessionaire under the Concession Agreement. The City shall grant to Concessionaire, without charge to Concessionaire, non-exclusive access to, in, along, or across any property owned or controlled by the City necessary, required or desirable for the performance of the Services and other obligations of the Concessionaire under the Concession Agreement. The City shall cooperate, at no cost to the Concessionaire, with the Concessionaire and the Authority in acquiring (including an assignment thereof by the City to the Concessionaire or the Authority, as applicable) any Governmental Approvals, easements, licenses, rights-of-way, or other property interests required for the performance of the Services and other obligations of the Concessionaire under the Concession Agreement (including commencing an action in condemnation related thereto); provided that any such real property interests shall be granted to the Authority and a non-exclusive license to access property associated with such interests shall automatically be deemed to be part of the Non-Exclusive Access License granted to the Concessionaire pursuant to this Agreement. The City shall execute necessary consents and applications and perform other reasonable ministerial requirements as and to the extent required in connection with such Governmental Approvals, easements, licenses, rights-of-way or other property interests.

- (c) The City represents to the Concessionaire that (i) a true and complete copy of the Lease Agreement has been furnished by the City to the Concessionaire, (ii) the City is the holder of the interest of the landlord under the Lease Agreement, (iii) the Lease Agreement is in full force and effect, (iv) the City has not received written notice from the Authority of any default under the Lease Agreement which remains uncured as of the date of this Agreement, and (v) to the City's actual knowledge, neither the Authority nor the City is in default under any provision of the Lease Agreement.
- (d) The City represents to the Concessionaire that it has not granted a mortgage or deed of trust upon the Wastewater Facility Site to any Person or otherwise encumbered or assigned, its fee interest in the Wastewater Facility Site to any Person.

### ARTICLE III

# **ACCESS; ENCUMBRANCE**

- Section 3.1. Access to the Wastewater Facility Site. The Authority agrees to grant, and hereby does grant, the Non-Exclusive Access License to the Concessionaire, and the Concessionaire accepts the Non-Exclusive Access License from the Authority. The parties acknowledge and agree that the Non-Exclusive Access License granted herein are meant only to provide the Concessionaire with non-exclusive access to perform the Services and other obligations of the Concessionaire under the Concession Agreement related to the Wastewater Facility Site and the Wastewater Facility. This Agreement is not intended by the parties to qualify as a lease for income, property, sales and use, transfer or other tax purposes, and the parties hereto agree not to make any tax filing inconsistent with this intended treatment.
- (a) The City hereby expressly consents to this Agreement, the granting of the Non-Exclusive Access License to the Concessionaire and any encumbrance or other assignment of Concessionaire's interest in this Agreement, and acknowledges that such grant and/or any assignment shall not constitute a default under the Lease Agreement nor permit the City to

terminate the Lease Agreement or re-enter or repossess the Wastewater Facility Site or otherwise be the basis for the exercise of any remedy under the Lease Agreement.

- (b) The Authority covenants and agrees that, so long as the Concessionaire is not in default hereunder beyond the expiration of any applicable notice or cure period, the Authority (i) shall not cause or allow an Event of Default (as defined in the Lease Agreement) to occur under the Lease Agreement and (ii) shall not voluntarily cancel or surrender the Lease Agreement.
- (c) The City and the Authority shall not modify, supplement or terminate the Lease Agreement without the prior written consent of the Concessionaire.
- (d) At the Concessionaire's request, the Authority will, at its election, either (i) exercise commercially reasonable efforts to cause the City to perform its obligations under the Lease Agreement (provided that the Concessionaire shall bear all third party costs reasonably incurred by the Authority in connection therewith), or (ii) assign to the Concessionaire its contractual rights to enforce the terms of the Lease Agreement against the City such that the Concessionaire can pursue enforcement efforts directly against the City to enforce and preserve the Non-Exclusive Access License granted under this Agreement, provided that the assignment of such contractual rights shall not be construed as an assignment of the leasehold interest under the Lease Agreement.
- (e) When giving notice to the Authority with respect to any default under the Lease Agreement, the City will also give a copy of such notice pursuant to Section 29.1 of the Concession Agreement to the Concessionaire, and no such notice to the Authority shall be deemed to have been duly given, nor shall such notice be effective unless such notice is also given in said manner to the Concessionaire.
- In case the Authority shall default in respect of any of the provisions of the Lease Agreement, the Concessionaire shall have the right, but not the obligation, to cure such default on behalf of the Authority whether the same consists of the failure to pay rent or the failure to perform any other matter or thing which the Authority is required to do or perform under the Lease Agreement (all without acquiring any leasehold interest under the Lease), and the City shall accept performance by or on behalf of the Concessionaire as though, and with the same effect as if, it had been done or performed by the Authority. The Concessionaire will have a period of time after the service of such notice upon it within which to cure the default specified in such notice, or cause it to be cured, which is the same period for cure, if any, as is given to the Authority under the Lease Agreement in respect of the specified default after the giving of such notice to the Authority, plus an additional period of thirty (30) days. In the event of a default which cannot reasonably be cured by the payment or expenditure of money within said period, the period of time for cure shall be extended for so long as the Concessionaire is diligently proceeding to attempt to cure such default, provided that the Concessionaire has begun proceedings to cure the default within the said period. Notwithstanding any default described in this Section 3.1(f) (whether cured or otherwise), Concessionaire will continue to retain and the City hereby grants to Concessionaire (or its designee or nominee) the full Non-Exclusive Access License as provided for in this Agreement and the City and Concessionaire will comply with Section 3.2(g) for purposes of entering into a new access agreement.

In the event of a termination of the Lease Agreement or of any new access agreement made pursuant to the provisions of this subsection (g) by operation of law prior to its stated expiration date, the City will enter into a new access agreement with respect to the Wastewater Facility Site and the Non-Exclusive Access License with the Concessionaire (or its designee or nominee) for the remainder of the Term, to commence as of the date of the termination of the Lease Agreement (or any new access agreement) upon all of the other terms, provisions, covenants and agreements contained in this Agreement upon the condition that the Concessionaire shall make written request to the City for such new access agreement not later than thirty (30) days from the date such notice by the City is given to the Concessionaire. Concessionaire acknowledges that any new access agreement entered into pursuant to this subsection (g) may need to be approved by the City and the Authority in accordance with their procedural and statutory obligations. The City and the Authority shall use good faith efforts to approve any such new access agreement as promptly as practicable and, during the period of time when such approval process is underway, Concessionaire will continue to retain and the City hereby grants to Concessionaire (or its designee or nominee) the full Non-Exclusive Access License as provided for in this Agreement. Upon the execution and delivery of such new access agreement, all other agreements or concession agreements, if any, which previously had been assigned and transferred to the City from the Authority and relating to the Wastewater Facility shall, upon Concessionaire's request, be assigned and transferred without recourse by the City to the Concessionaire (or its designee or nominee). The Concessionaire (or its designee or nominee) named in any such new access agreement may assign its rights thereunder if the assignee shall deliver to the City an instrument, whereunder the assignee shall assume all obligations and liabilities of the Concessionaire thereafter arising under the agreement so assigned.

# Section 3.2. Encumbrance/Collateral Assignment.

- (a) The Concessionaire, and any successor or assign of the Concessionaire, may, from time to time pledge or encumber this Agreement and the rights of the Concessionaire hereunder or collaterally assign this Agreement in connection with a Concessionaire Financing or Additional Concessionaire Financing (the "Encumbrance").
- (b) The Authority hereby agrees with and for the benefit of each Assignee and the heirs, personal representatives, successors and assigns of each Assignee:
- (i) When giving notice to the Concessionaire with respect to any default under this Agreement, the Authority will also give a copy of such notice pursuant to Section 29.1 of the Concession Agreement to each Assignee at the address of each Assignee furnished to the Authority, and no such notice to the Concessionaire shall be deemed to have been duly given, nor shall such notice be effective unless such notice is also given in said manner to each Assignee.
- (ii) In case the Concessionaire shall default in respect of any of the provisions of this Agreement, any Assignee shall have the right, but not the obligation, to cure such default whether the same consists of the failure to perform any matter or thing which the Concessionaire is required to do or perform under this Agreement, and the Authority shall accept performance by or on behalf of Assignee as though, and with the same effect as if, it had been done or

performed by the Concessionaire. An Assignee will have a period of time after the service of such notice upon it within which to cure the default specified in such notice, or cause it to be cured, which is the same period for cure, if any, as is given to the Concessionaire under this Agreement in respect of the specified default after the giving of such notice to the Concessionaire, plus an additional period of thirty (30) days. In the event of a default which cannot reasonably be cured by the payment or expenditure of money within said period, the period of time for cure shall be extended for so long as any Assignee is diligently proceeding to attempt to cure such default, provided that the Assignee has begun proceedings to cure the default within the said period.

- Any default of the Concessionaire (other than the payment of amounts to be paid by the Concessionaire as required under the Concession Agreement (if any)) under any provision of this Agreement which is not reasonably susceptible of being cured by an Assignee shall be deemed to have been waived by the Authority upon completion of foreclosure proceedings or when Assignee, or its nominee or another designee shall otherwise acquire Concessionaire's interest in this Agreement. In case of a default (other than the payment of amounts to be paid by the Concessionaire as required under the Concession Agreement (if any)), if within sixty (60) days written notice of such default is given to Assignee, Assignee shall notify the Authority of its election to enforce its rights under the Encumbrance, then Assignee shall deliver to the Authority an instrument in writing wherein Assignee agrees that if delivery of Non-Exclusive Access License with respect to the Wastewater Facility Site shall be made to the Assignee or its designee, Assignee shall, promptly thereafter, to the extent permitted under Applicable Law, perform or cause such designee to perform, as the case may be, all agreements Concessionaire shall have failed to perform under this Agreement and with reasonable diligence cure any default reasonably susceptible of being cured after such completion or acquisition. Without limiting the generality of the foregoing or Assignee's rights set forth in Section 3.2(v), as used in this subsection (b)(iii), a default or unfulfilled obligation, not "reasonably susceptible" of being cured or performed by an Assignee or a new grantee shall include any bankruptcy, insolvency or receivership or similar event related to the Concessionaire.
- An Assignee (or its designee or nominee) may become the legal owner (iv) and holder of the interest of the Concessionaire under this Agreement by appropriate enforcement proceedings, or by obtaining an assignment of this Agreement, without the City's or the Authority's consent and without any obligation to assume this Agreement, but otherwise subject to the applicable terms and provisions of this Agreement. The City and the Authority acknowledge that such Encumbrance shall not impose any obligation on any Assignee, unless and until such Assignee shall succeed to Concessionaire's interests under this Agreement through appropriate enforcement proceedings. In such event, Assignee (or its designee or nominee) shall have the right thereafter to assign this Agreement, without any requirement for consent by the City or the Authority, but otherwise subject to the terms and provisions of this Agreement. Upon the delivery to the Authority of a duplicate original of an instrument of assignment containing the assignee's assumption of this Agreement, such assignee of Assignee shall become the Concessionaire, and shall be substituted for the Assignee as the owner and holder of this Agreement for all purposes, as of the date hereof of such assignment; and from and after the date hereof of such assignment Assignee (or its designee or nominee) shall be released from all liability under this Agreement thereafter arising.

- In the event of a termination of this Agreement or of any new access agreement made pursuant to the provisions of this subsection (v) by operation of law prior to its stated expiration date, the Authority will enter into a new access agreement with respect to the Wastewater Facility Site with Assignee (or its designee or nominee) for the remainder of the term, to commence as of the date of the termination of this Agreement (or any new access agreement) upon all of the other terms, provisions, covenants and agreements contained herein upon the condition that Assignee shall make written request to the Authority for such new access agreement not later than thirty (30) days from the date such notice by the Authority is given to Assignee. Concessionaire acknowledges that any new access agreement entered into pursuant to this subsection (v) may need to be approved by the City and the Authority in accordance with their procedural and statutory obligations. The City and the Authority shall use good faith efforts to approve any such new access agreement as promptly as practicable and, during the period of time when such approval process is underway, the Assignee (or its designee or nominee) will continue to retain, and the City and the Authority hereby grant to such Assignee (or its designee or nominee), the full Non-Exclusive Access License as provided for in this Agreement. The Assignee (or its designee or nominee) named in any such new access agreement may assign its rights thereunder if the assignee shall deliver to the Authority an instrument, whereunder the assignee shall assume all obligations and liabilities of the Assignee thereafter arising under the agreement so assigned.
- (vi) If the Concessionaire fails to observe or perform any of its obligations under this Agreement, Assignee may, but shall not be obligated to, observe or perform such obligations for and on behalf of the Concessionaire, whether or not the Concessionaire shall be in default under this Agreement.
- (vii) No modification, supplement or mutual agreement of termination of this Agreement shall be binding upon any Assignee without the prior written consent of such Assignee.
- (viii) Any Assignee may extend, amend or modify the terms of payment or performance of any of the Concessionaire's liabilities without the consent of the City or the Authority and without giving notice thereof to the City or the Authority.

# ARTICLE IV

# TERM AND CONSIDERATION

- **Section 4.1. Term**. The Term of this Agreement shall commence on the Effective Date, and shall end on the Termination Date. The provisions of this <u>Section 4.1</u> are subject in all respects to any other provisions of this Agreement relating to the termination hereof.
- **Section 4.2. Consideration**. As consideration for the Non-Exclusive Access License granted hereunder for the duration of the Term, Concessionaire shall pay to the Authority \$1.00 upon execution of this Agreement.

### ARTICLE V

# ASSIGNMENT, SALE AND AMENDMENT

- **Section 5.1. Assignment**. Except as otherwise provided herein, no party hereto shall assign this Agreement.
- Section 5.2. Sale of Wastewater Facility Site. Except as otherwise provided in Section 3.2 of this Agreement and Section 26.2 of the Concession Agreement, the Concessionaire covenants that its interest in the Wastewater Facility Site shall not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole.
- **Section 5.3.** Amendment of Agreement. The parties hereto shall have the right to modify or amend this Agreement upon the written consent of each party hereto.
- Section 5.4. Fee and Leasehold Mortgage. The City shall not sell, mortgage or otherwise encumber its fee interest in the Wastewater Facility Site or Wastewater Facility, other than for the benefit of the Concessionaire, as the holder of the Non-Exclusive Access License. The Authority shall not assign, mortgage or otherwise encumber the Lease Agreement or its leasehold interest in the Wastewater Facility Site or Wastewater Facility, other than for the benefit of the Concessionaire, as the holder of the Non-Exclusive Access License.

### ARTICLE VI

# EVENTS OF DEFAULT

# Section 6.1. Intentionally Deleted.

- **Section 6.2.** Remedies on Default. Whenever an Authority Event of Default, a City Event of Default or a Concessionaire Event of Default shall have occurred and be continuing, the parties shall have any and all remedies as provided in the Concession Agreement.
- Section 6.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this <a href="Article VI">Article VI</a> it shall not be necessary to give any notice, other than such notice as may be required in this <a href="Article VI">Article VI</a> or by law.
- Section 6.4. Agreement to Pay Attorneys' Fees and Expenses. In the event that any party to this Agreement should default under any of the provisions hereof and a nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, any defaulting party agrees that it will on demand therefor pay

to any nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred.

Section 6.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6. Termination Not a Remedy. Notwithstanding anything herein or in the Lease Agreement to the contrary, the City and the Authority each agree that a default by Concessionaire, Assignee or their respective successors, designees or nominees under this Agreement or the Lease Agreement shall not result in the City or the Authority, as the case may be, having a termination right with respect to this Agreement or the Lease Agreement and in no event shall the City or the Authority have the right to terminate the Lease Agreement or this Agreement.

# ARTICLE VII

# MISCELLANEOUS

**Section 7.1. Further Assurances**. The City and the Authority agree that each will execute and deliver any and all such further agreements, instruments or other assurances as may be reasonably necessary or requested by the Concessionaire to carry out the intention or to facilitate the performance of this Agreement.

Section 7.2. Notices. Any notice, request, complaint, demand or other communication under this Agreement shall be effective if given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, by nationally recognized overnight delivery company, or by telecopy (with telephone confirmation of receipt), if addressed or the following addresses or telecopy numbers. Notices delivered personally or by telecopy (with telephone confirmation of receipt) shall be deemed given as of actual receipt. Mailed notices shall be deemed given as of three days after mailing. Notices given by overnight delivery company shall be deemed given as of the date and time of delivery indicated on the delivery company's receipt. Any party may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Rialto Utility Authority

150 South Palm Avenue Rialto, California 92376 Attn: Executive Director

If to the City: City of Rialto

150 South Palm Drive Rialto, California 92376 Attention: City Administrator

If to the Concessionaire: Rialto Water Services, LLC

# 150 California St., Suite 600 A San Francisco, CA 94111

- **Section 7.3. Governing Law**. This Agreement shall be construed in accordance with and governed by the laws of the State of California.
- **Section 7.4. Binding Effect**. This Agreement shall inure to the benefit of and shall be binding upon the City, the Authority and the Concessionaire, and their respective successors and assigns, subject, however, to the limitations contained herein.
- Section 7.5. Severability of Invalid Provisions. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City, the Authority and the Concessionaire each hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.
- Section 7.6. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.
- **Section 7.7. Execution of Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.
- **Section 7.8. Benefit of Agreement**. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the City, the Authority and the Concessionaire any right, remedy or claim under or by reason of this Agreement.
- **Section 7.9. No Broker**. Each party hereto represents and warrants to each other party that it has not consulted nor negotiated with any broker or finder with regard to consummating this Agreement. Each party hereto agrees to indemnify and hold each other party harmless against any damages, costs and expenses suffered by an indemnified party by reason of any breach of the foregoing representation by the indemnifying party. The terms of this <u>Section 7.9</u> shall survive the expiration or earlier termination of this Agreement.
- Section 7.10. Incorporation of Article III of the Concession Agreement. The rights and obligations of the City, the Authority and Concessionaire as set forth in Article III of the

Concession Agreement are incorporated herein by reference and shall apply with equal force as if such rights and obligations were set forth in this Agreement. Defined terms used in Article III of the Concession Agreement with corresponding meanings in this Agreement shall be deemed modified to conform to this Agreement.

[Signature pages follow.]

IN WITNESS WHEREOF, the City, the Authority and the Concessionaire have caused this Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

# CITY OF RIALTO

By:	
Name:	
	City Administrator
RIALT	O UTILITY AUTHORITY
Name:	
Title:	Executive Director
	TO WATER SERVICES, LLC, ware limited liability company
By:	
Name	
Title	
1 1110	•

Part II – Water Facility

# ACCESS AGREEMENT (Water Facility) Dated as of \_\_\_\_\_\_, 2012 Among RIALTO WATER SERVICES, LLC, RIALTO UTILITY AUTHORITY and CITY OF RIALTO

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### ACCESS AGREEMENT

### WITNESSETH:

WHEREAS, the City owns, and operates pursuant to a management agreement by and between the City and the Authority, the Water Facility Site; and

WHEREAS, the Authority has leased the Water Facility Site from the City pursuant to the terms of the Lease Agreement (Water Enterprise), dated as of May 1, 2001 (the "Lease Agreement"); and

WHEREAS, the Authority, the City and Rialto Water Services, L.P. have entered into that certain Service Contract for the Design, Construction and Financing of Upgrades and for the Operation of the Rialto Utility Authority Wastewater Facility and Water Facility, dated March 27, 2012 (the "Concession Agreement"), and in furtherance of the Concession Agreement, the Concessionaire wishes to obtain non-exclusive access to the Water Facility Site and Water Facility to perform the Services and other obligations of the Concessionaire, as the successor to the interests of Rialto Water Services, L.P. under the Concession Agreement that relate to the Water Facility Site and Water Facility, which shall include any such access to, in, along, or across any property owned or controlled by the Authority necessary, required or desirable for the performance of the Services and other obligations of the Concessionaire under the Concession Agreement (collectively, the "Non-Exclusive Access License"), and the Authority wishes to grant to Concessionaire the Non-Exclusive Access License pursuant to the terms of this Agreement; and

WHEREAS, the City, the Authority and the Concessionaire have duly authorized the execution and delivery of this Agreement;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

### ARTICLE I

# DEFINITIONS

**Section 1.1. Definitions**. Unless otherwise defined herein, the capitalized terms in this Agreement shall have the respective meanings specified in the Concession Agreement. In addition, the following terms defined in this <u>Section 1.1</u> shall, for all purposes of this Agreement, have the respective meanings herein specified.

"Agreement" means this Access Agreement, together with any duly authorized and executed amendments hereto.

"Assignee" means the holder of an Encumbrance or an assignee pursuant to a collateral assignment of this Agreement.

"Encumbrance" shall have the meaning ascribed to it in <u>Section 3.2</u>.

# **ARTICLE II**

# REPRESENTATIONS AND WARRANTIES; COVENANTS

- **Section 2.1. Representations of Concessionaire**. As of the Effective Date, the representations and other obligations of Concessionaire as set forth in Section 19.1 of the Concession Agreement are incorporated herein by reference and shall apply with equal force as if such representations and other obligations were set forth in this <u>Article II</u>. Defined terms used in Section 19.1 of the Concession Agreement with corresponding meanings in this Agreement shall be deemed modified to conform to this Agreement.
- **Section 2.2.** Representations of the Authority. As of the Effective Date, the representations and other obligations of the Authority as set forth in Section 19.2 of the Concession Agreement are incorporated herein by reference and shall apply with equal force as if such representations and other obligations were set forth in this <u>Article II</u>. Defined terms used in Section 19.2 of the Concession Agreement with corresponding meanings in this Agreement shall be deemed modified to conform to this Agreement.
- Section 2.3. Representations of the City. As of the Effective Date, the representations and other obligations of the City as set forth in Section 19.3 of the Concession Agreement are incorporated herein by reference and shall apply with equal force as if such representations and other obligations were set forth in this <u>Article II</u>. Defined terms used in Section 19.3 of the Concession Agreement with corresponding meanings in this Agreement shall be deemed modified to conform to this Agreement. Without limiting the foregoing, as of each of the Contract Date and the Effective Date, the City makes the following representations to the Concessionaire and covenants that:
- (a) The City has good and sufficient title and other rights of access to the Water Facility Site and has all requisite power and legal rights to consent to the Authority's grant to Concessionaire of the Non-Exclusive Access License granted hereunder. To the City's current actual knowledge, no title encumbrance exists with respect to the Water Facility Site that could adversely affect the ability, or increase the costs, of Concessionaire to perform its obligations under this Agreement or the Concession Agreement, and there is no recorded or unrecorded agreement, contract, option, commitment, right, privilege or other right of another binding upon, or which at any time in the future may become binding upon, City to sell, transfer, convey, subject to lien, charge, grant an interest in, or in any other way dispose of or materially encumber the Water Facility Site.
- (b) The City shall cooperate with and provide reasonable assistance to the Concessionaire in any and all actions necessary or appropriate for the Concessionaire to perform

the Services and other obligations of the Concessionaire under the Concession Agreement. The City shall grant to Concessionaire, without charge to Concessionaire, non-exclusive access to, in, along, or across any property owned or controlled by the City necessary, required or desirable for the performance of the Services and other obligations of the Concessionaire under the Concession Agreement. The City shall cooperate, at no cost to the Concessionaire, with the Concessionaire and the Authority in acquiring (including an assignment thereof by the City to the Concessionaire or the Authority, as applicable) any Governmental Approvals, easements, licenses, rights-of-way, or other property interests required for the performance of the Services and other obligations of the Concessionaire under the Concession Agreement (including commencing an action in condemnation related thereto); provided that any such real property interests shall be granted to the Authority and a non-exclusive license to access property associated with such interests shall automatically be deemed to be part of the Non-Exclusive Access License granted to the Concessionaire pursuant to this Agreement. The City shall execute necessary consents and applications and perform other reasonable ministerial requirements as and to the extent required in connection with such Governmental Approvals, easements, licenses, rights-of-way or other property interests.

- (c) The City represents to the Concessionaire that (i) a true and complete copy of the Lease Agreement has been furnished by the City to the Concessionaire, (ii) the City is the holder of the interest of the landlord under the Lease Agreement, (iii) the Lease Agreement is in full force and effect, (iv) the City has not received written notice from the Authority of any default under the Lease Agreement which remains uncured as of the date of this Agreement, and (v) to the City's actual knowledge, neither the Authority nor the City is in default under any provision of the Lease Agreement.
- (d) The City represents to the Concessionaire that it has not granted a mortgage or deed of trust upon the Water Facility Site to any Person or otherwise encumbered or assigned, its fee interest in the Water Facility Site to any Person.

# ARTICLE III

# ACCESS; ENCUMBRANCE

- Section 3.1. Access to the Water Facility Site. The Authority agrees to grant, and hereby does grant, the Non-Exclusive Access License to the Concessionaire, and the Concessionaire accepts the Non-Exclusive Access License from the Authority. The parties acknowledge and agree that the Non-Exclusive Access License granted herein are meant only to provide the Concessionaire with non-exclusive access to perform the Services and other obligations of the Concessionaire under the Concession Agreement related to the Water Facility Site and the Water Facility. This Agreement is not intended by the parties to qualify as a lease for income, property, sales and use, transfer or other tax purposes, and the parties hereto agree not to make any tax filing inconsistent with this intended treatment.
- (a) The City hereby expressly consents to this Agreement, the granting of the Non-Exclusive Access License to the Concessionaire and any encumbrance or other assignment of Concessionaire's interest in this Agreement, and acknowledges that such grant and/or any assignment shall not constitute a default under the Lease Agreement nor permit the City to

terminate the Lease Agreement or re-enter or repossess the Water Facility Site or otherwise be the basis for the exercise of any remedy under the Lease Agreement.

- (b) The Authority covenants and agrees that, so long as the Concessionaire is not in default hereunder beyond the expiration of any applicable notice or cure period, the Authority (i) shall not cause or allow an Event of Default (as defined in the Lease Agreement) to occur under the Lease Agreement and (ii) shall not voluntarily cancel or surrender the Lease Agreement.
- (c) The City and the Authority shall not modify, supplement or terminate the Lease Agreement without the prior written consent of the Concessionaire.
- (d) At the Concessionaire's request, the Authority will, at its election, either (i) exercise commercially reasonable efforts to cause the City to perform its obligations under the Lease Agreement (provided that the Concessionaire shall bear all third party costs reasonably incurred by the Authority in connection therewith), or (ii) assign to the Concessionaire its contractual rights to enforce the terms of the Lease Agreement against the City such that the Concessionaire can pursue enforcement efforts directly against the City to enforce and preserve the Non-Exclusive Access License granted under this Agreement, provided that the assignment of such contractual rights shall not be construed as an assignment of the leasehold interest under the Lease Agreement.
- (e) When giving notice to the Authority with respect to any default under the Lease Agreement, the City will also give a copy of such notice pursuant to Section 29.1 of the Concession Agreement to the Concessionaire, and no such notice to the Authority shall be deemed to have been duly given, nor shall such notice be effective unless such notice is also given in said manner to the Concessionaire.
- In case the Authority shall default in respect of any of the provisions of the Lease Agreement, the Concessionaire shall have the right, but not the obligation, to cure such default on behalf of the Authority whether the same consists of the failure to pay rent or the failure to perform any other matter or thing which the Authority is required to do or perform under the Lease Agreement (all without acquiring any leasehold interest under the Lease), and the City shall accept performance by or on behalf of the Concessionaire as though, and with the same effect as if, it had been done or performed by the Authority. The Concessionaire will have a period of time after the service of such notice upon it within which to cure the default specified in such notice, or cause it to be cured, which is the same period for cure, if any, as is given to the Authority under the Lease Agreement in respect of the specified default after the giving of such notice to the Authority, plus an additional period of thirty (30) days. In the event of a default which cannot reasonably be cured by the payment or expenditure of money within said period, the period of time for cure shall be extended for so long as the Concessionaire is diligently proceeding to attempt to cure such default, provided that the Concessionaire has begun proceedings to cure the default within the said period. Notwithstanding any default described in this Section 3.1(f) (whether cured or otherwise), Concessionaire will continue to retain and the City hereby grants to Concessionaire (or its designee or nominee) the full Non-Exclusive Access License as provided for in this Agreement and the City and Concessionaire will comply with Section 3.2(g) for purposes of entering into a new access agreement.

In the event of a termination of the Lease Agreement or of any new access agreement made pursuant to the provisions of this subsection (g) by operation of law prior to its stated expiration date, the City will enter into a new access agreement with respect to the Water Facility Site and the Non-Exclusive Access License with the Concessionaire (or its designee or nominee) for the remainder of the Term, to commence as of the date of the termination of the Lease Agreement (or any new access agreement) upon all of the other terms, provisions, covenants and agreements contained in this Agreement upon the condition that the Concessionaire shall make written request to the City for such new access agreement not later than thirty (30) days from the date such notice by the City is given to the Concessionaire. Concessionaire acknowledges that any new access agreement entered into pursuant to this subsection (g) may need to be approved by the City and the Authority in accordance with their procedural and statutory obligations. The City and the Authority shall use good faith efforts to approve any such new access agreement as promptly as practicable and, during the period of time when such approval process is underway, Concessionaire will continue to retain and the City hereby grants to Concessionaire (or its designee or nominee) the full Non-Exclusive Access License as provided for in this Agreement. Upon the execution and delivery of such new access agreement, all other agreements or concession agreements, if any, which previously had been assigned and transferred to the City from the Authority and relating to the Water Facility shall, upon Concessionaire's request, be assigned and transferred without recourse by the City to the Concessionaire (or its designee or nominee). The Concessionaire (or its designee or nominee) named in any such new access agreement may assign its rights thereunder if the assignee shall deliver to the City an instrument, whereunder the assignee shall assume all obligations and liabilities of the Concessionaire thereafter arising under the agreement so assigned.

# Section 3.2. Encumbrance/Collateral Assignment.

- (a) The Concessionaire, and any successor or assign of the Concessionaire, may, from time to time pledge or encumber this Agreement and the rights of the Concessionaire hereunder or collaterally assign this Agreement in connection with a Concessionaire Financing or Additional Concessionaire Financing (the "Encumbrance").
- (b) The Authority hereby agrees with and for the benefit of each Assignee and the heirs, personal representatives, successors and assigns of each Assignee:
- (i) When giving notice to the Concessionaire with respect to any default under this Agreement, the Authority will also give a copy of such notice pursuant to Section 29.1 of the Concession Agreement to each Assignee at the address of each Assignee furnished to the Authority, and no such notice to the Concessionaire shall be deemed to have been duly given, nor shall such notice be effective unless such notice is also given in said manner to each Assignee.
- (ii) In case the Concessionaire shall default in respect of any of the provisions of this Agreement, any Assignee shall have the right, but not the obligation, to cure such default whether the same consists of the failure to perform any matter or thing which the Concessionaire is required to do or perform under this Agreement, and the Authority shall accept performance by or on behalf of Assignee as though, and with the same effect as if, it had been done or performed by the Concessionaire. An Assignee will have a period of time after the service of

such notice upon it within which to cure the default specified in such notice, or cause it to be cured, which is the same period for cure, if any, as is given to the Concessionaire under this Agreement in respect of the specified default after the giving of such notice to the Concessionaire, plus an additional period of thirty (30) days. In the event of a default which cannot reasonably be cured by the payment or expenditure of money within said period, the period of time for cure shall be extended for so long as any Assignee is diligently proceeding to attempt to cure such default, provided that the Assignee has begun proceedings to cure the default within the said period.

- Any default of the Concessionaire (other than the payment of amounts to (iii) be paid by the Concessionaire as required under the Concession Agreement (if any)) under any provision of this Agreement which is not reasonably susceptible of being cured by an Assignee shall be deemed to have been waived by the Authority upon completion of foreclosure proceedings or when Assignee, or its nominee or another designee shall otherwise acquire Concessionaire's interest in this Agreement. In case of a default (other than the payment of amounts to be paid by the Concessionaire as required under the Concession Agreement (if any)), if within sixty (60) days written notice of such default is given to Assignee, Assignee shall notify the Authority of its election to enforce its rights under the Encumbrance, then Assignee shall deliver to the Authority an instrument in writing wherein Assignee agrees that if delivery of Non-Exclusive Access License with respect to the Water Facility Site shall be made to the Assignee or its designee, Assignee shall, promptly thereafter, to the extent permitted under Applicable Law, perform or cause such designee to perform, as the case may be, all agreements Concessionaire shall have failed to perform under this Agreement and with reasonable diligence cure any default reasonably susceptible of being cured after such completion or acquisition. Without limiting the generality of the foregoing or Assignee's rights set forth in Section 3.2(v). as used in this subsection (b)(iii), a default or unfulfilled obligation, not "reasonably susceptible" of being cured or performed by an Assignee or a new grantee shall include any bankruptcy, insolvency or receivership or similar event related to the Concessionaire.
- An Assignee (or its designee or nominee) may become the legal owner and holder of the interest of the Concessionaire under this Agreement by appropriate enforcement proceedings, or by obtaining an assignment of this Agreement, without the City's or the Authority's consent and without any obligation to assume this Agreement, but otherwise subject to the applicable terms and provisions of this Agreement. The City and the Authority acknowledge that such Encumbrance shall not impose any obligation on any Assignee, unless and until such Assignee shall succeed to Concessionaire's interests under this Agreement through appropriate enforcement proceedings. In such event, Assignee (or its designee or nominee) shall have the right thereafter to assign this Agreement, without any requirement for consent by the City or the Authority, but otherwise subject to the terms and provisions of this Agreement. Upon the delivery to the Authority of a duplicate original of an instrument of assignment containing the assignee's assumption of this Agreement, such assignee of Assignee shall become the Concessionaire, and shall be substituted for the Assignee as the owner and holder of this Agreement for all purposes, as of the date hereof of such assignment; and from and after the date hereof of such assignment Assignee (or its designee or nominee) shall be released from all liability under this Agreement thereafter arising.

- In the event of a termination of this Agreement or of any new access agreement made pursuant to the provisions of this subsection (v) by operation of law prior to its stated expiration date, the Authority will enter into a new access agreement with respect to the Water Facility Site with Assignee (or its designee or nominee) for the remainder of the term, to commence as of the date of the termination of this Agreement (or any new access agreement) upon all of the other terms, provisions, covenants and agreements contained herein upon the condition that Assignee shall make written request to the Authority for such new access agreement not later than thirty (30) days from the date such notice by the Authority is given to Assignee. Concessionaire acknowledges that any new access agreement entered into pursuant to this subsection (v) may need to be approved by the City and the Authority in accordance with their procedural and statutory obligations. The City and the Authority shall use good faith efforts to approve any such new access agreement as promptly as practicable and, during the period of time when such approval process is underway, the Assignee (or its designee or nominee) will continue to retain, and the City and the Authority hereby grant to such Assignee (or its designee or nominee), the full Non-Exclusive Access License as provided for in this Agreement. The Assignee (or its designee or nominee) named in any such new access agreement may assign its rights thereunder if the assignee shall deliver to the Authority an instrument, whereunder the assignee shall assume all obligations and liabilities of the Assignee thereafter arising under the agreement so assigned.
- (vi) If the Concessionaire fails to observe or perform any of its obligations under this Agreement, Assignee may, but shall not be obligated to, observe or perform such obligations for and on behalf of the Concessionaire, whether or not the Concessionaire shall be in default under this Agreement.
- (vii) No modification, supplement or mutual agreement of termination of this Agreement shall be binding upon any Assignee without the prior written consent of such Assignee.
- (viii) Any Assignee may extend, amend or modify the terms of payment or performance of any of the Concessionaire's liabilities without the consent of the City or the Authority and without giving notice thereof to the City or the Authority.

# ARTICLE IV

# TERM AND CONSIDERATION

- **Section 4.1.** Term. The Term of this Agreement shall commence on the Effective Date, and shall end on the Termination Date. The provisions of this <u>Section 4.1</u> are subject in all respects to any other provisions of this Agreement relating to the termination hereof.
- **Section 4.2. Consideration**. As consideration for the Non-Exclusive Access License granted hereunder for the duration of the Term, Concessionaire shall pay to the Authority \$1.00 upon execution of this Agreement.

# ARTICLE V

# ASSIGNMENT, SALE AND AMENDMENT

- **Section 5.1. Assignment**. Except as otherwise provided herein, no party hereto shall assign this Agreement.
- Section 5.2. Sale of Water Facility Site. Except as otherwise provided in Section 3.2 of this Agreement and Section 26.2 of the Concession Agreement, the Concessionaire covenants that its interest in the Water Facility Site shall not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole.
- **Section 5.3.** Amendment of Agreement. The parties hereto shall have the right to modify or amend this Agreement upon the written consent of each party hereto.
- Section 5.4. Fee and Leasehold Mortgage. The City shall not sell, mortgage or otherwise encumber its fee interest in the Water Facility Site or Water Facility, other than for the benefit of the Concessionaire, as the holder of the Non-Exclusive Access License. The Authority shall not assign, mortgage or otherwise encumber the Lease Agreement or its leasehold interest in the Water Facility Site or Water Facility, other than for the benefit of the Concessionaire, as the holder of the Non-Exclusive Access License.

### ARTICLE VI

# **EVENTS OF DEFAULT**

# Section 6.1. Intentionally Deleted.

- **Section 6.2.** Remedies on Default. Whenever an Authority Event of Default, a City Event of Default or a Concessionaire Event of Default shall have occurred and be continuing, the parties shall have any and all remedies as provided in the Concession Agreement.
- Section 6.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this <a href="Article VI">Article VI</a> it shall not be necessary to give any notice, other than such notice as may be required in this <a href="Article VI">Article VI</a> or by law.
- Section 6.4. Agreement to Pay Attorneys' Fees and Expenses. In the event that any party to this Agreement should default under any of the provisions hereof and a nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, any defaulting party agrees that it will on demand therefor pay

to any nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred.

Section 6.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6. Termination Not a Remedy. Notwithstanding anything herein or in the Lease Agreement to the contrary, the City and the Authority each agree that a default by Concessionaire, Assignee or their respective successors, designees or nominees under this Agreement or the Lease Agreement shall not result in the City or the Authority, as the case may be, having a termination right with respect to this Agreement or the Lease Agreement and in no event shall the City or the Authority have the right to terminate the Lease Agreement or this Agreement.

### ARTICLE VII

### **MISCELLANEOUS**

**Section 7.1. Further Assurances**. The City and the Authority agree that each will execute and deliver any and all such further agreements, instruments or other assurances as may be reasonably necessary or requested by the Concessionaire to carry out the intention or to facilitate the performance of this Agreement.

Section 7.2. Notices. Any notice, request, complaint, demand or other communication under this Agreement shall be effective if given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, by nationally recognized overnight delivery company, or by telecopy (with telephone confirmation of receipt), if addressed or the following addresses or telecopy numbers. Notices delivered personally or by telecopy (with telephone confirmation of receipt) shall be deemed given as of actual receipt. Mailed notices shall be deemed given as of three days after mailing. Notices given by overnight delivery company shall be deemed given as of the date and time of delivery indicated on the delivery company's receipt. Any party may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Rialto Utility Authority

150 South Palm Avenue Rialto, California 92376 Attn: Executive Director

If to the City: City of Rialto

150 South Palm Drive Rialto, California 92376 Attention: City Administrator

If to the Concessionaire: Rialto Water Services, LLC

# 150 California St., Suite 600 A San Francisco, CA 94111

- **Section 7.3. Governing Law**. This Agreement shall be construed in accordance with and governed by the laws of the State of California.
- **Section 7.4. Binding Effect**. This Agreement shall inure to the benefit of and shall be binding upon the City, the Authority and the Concessionaire, and their respective successors and assigns, subject, however, to the limitations contained herein.
- Section 7.5. Severability of Invalid Provisions. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City, the Authority and the Concessionaire each hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase of this Agreement may be held illegal, invalid or unenforceable.
- Section 7.6. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.
- **Section 7.7. Execution of Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.
- **Section 7.8. Benefit of Agreement**. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the City, the Authority and the Concessionaire any right, remedy or claim under or by reason of this Agreement.
- **Section 7.9. No Broker**. Each party hereto represents and warrants to each other party that it has not consulted nor negotiated with any broker or finder with regard to consummating this Agreement. Each party hereto agrees to indemnify and hold each other party harmless against any damages, costs and expenses suffered by an indemnified party by reason of any breach of the foregoing representation by the indemnifying party. The terms of this <u>Section 7.9</u> shall survive the expiration or earlier termination of this Agreement.
- Section 7.10. Incorporation of Article III of the Concession Agreement. The rights and obligations of the City, the Authority and Concessionaire as set forth in Article III of the

Concession Agreement are incorporated herein by reference and shall apply with equal force as if such rights and obligations were set forth in this Agreement. Defined terms used in Article III of the Concession Agreement with corresponding meanings in this Agreement shall be deemed modified to conform to this Agreement.

[Signature pages follow.]

IN WITNESS WHEREOF, the City, the Authority and the Concessionaire have caused this Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

CITY OF RIALTO

# By: \_\_\_\_\_ Name: Title: City Administrator RIALTO UTILITY AUTHORITY By: \_\_\_\_\_\_\_Name: \_\_\_\_\_\_ Title: Executive Director RIALTO WATER SERVICES, LLC, a Delaware limited liability company By:\_\_\_\_\_

Name: Title: